

**MINUTES OF THE
TRANSPORTATION, ENVIRONMENTAL QUALITY & NATIONAL GUARD
APPROPRIATIONS SUBCOMMITTEE
Room W025, West Office Building, State Capitol Complex**

Thursday, September 25, 2008

MEMBERS PRESENT: Sen. Carlene Walker, Co-Chair
Rep. Wayne Harper, Co-Chair
Sen. Fred Fife
Sen. Sheldon Killpack
Sen. John Valentine
Rep. Glenn A. Donnelson
Rep. Neil Hansen
Rep. Neal B. Hendrickson
Rep. Todd E. Kiser
Rep. Becky Lockhart
Rep. Patrick Painter
Rep. Kenneth Sumsion

STAFF PRESENT: Mark C. Bleazard, Fiscal Analyst
Rosemary Young, Committee Secretary

Note: A list of visitors and copy of handouts are filed with committee minutes.

Rep. Harper called the meeting to order at 11:02 a.m.

Using a handout, Mark Bleazard, Fiscal Analyst, enumerated the proposed changes to the FY09 budget as approved by the Executive Appropriations Committee in Sept 2008 with a decrease in the General Fund of \$106,907,500 and a decrease in the Education Fund of \$165,492,000 making a total of \$272,399,500. The decrease to the Transportation Fund is \$18,673,000, and there was an increase in the Mineral Lease Fund in the amount of \$23,750,000. The Analyst also discussed the Framework Motion of the Executive Appropriations Committee which is as follows:

I move that we adopt the following framework for addressing the ongoing revenue shortfall previously adopted:

- \$100 million from 4% ongoing budgets in state agencies, of which \$25 million (1%) will be back-filled with one-time sources for FY 2009 only.
- \$75 million from 3% ongoing budgets in public education, all of which will be back-filled with one-time sources for FY 2009 only.
- \$30 million from building projects, all of which will be back-filled with one-time sources for FY 2009 only.
- \$15 million from capital improvements (moving mandatory set-aside from 1.1% to 0.9% as allowed by law).

- \$18 million from HB 359 passed last General Session
- \$35 million from ongoing funds in transportation, some of which may be back-filled with one-time sources to meet cash-flow needs.

This sums to \$273 million in ongoing sources.

We will also identify \$212 million in one-time sources from things like nonlapsing balances and restricted fund balances to cover our one-time FY 2008 shortfall and the above back-fill needs.

Department of Environmental Quality

Rick Sprott, Executive Director of the Department of Environmental Quality, reviewed the possible cuts in a FY09 3% General Funds reduction schedule. There was discussion as to the fact that reductions in Drinking Water contracts would affect the public by slowing the ability of the Department to clear up the present backlog of work. Three vacant positions would be frozen as part of this reduction.

National Guard

General Brian Tabet, Adjutant General of the National Guard, reminded the committee that they are primarily federally funded and that they lose three dollars of federal money for every dollar that they lose from the state. With a 3% General Funds reduction, they would cut tuition assistance and armory maintenance without having to cut personnel. The General apprised the committee of the fact that currently the Utah National Guard is full strength in both the army and air force and that tuition assistance is a significant reason for that full strength. Some of the armories in the state are old and in need of maintenance, and cutting the budget will aggravate that problem.

Veterans Affairs

Terry Schow, Director of Veterans Affairs, assisted by Dennis McFall, Deputy Director, told the committee that the 3% reduction in their department would come in Veterans' Outreach in which the department educates veterans as to the programs available to them and helps them in the claims filing process. Utah has 10,000 veterans who have served in Iraq and Afghanistan.

Department of Transportation

John Njord, Director of the Department of Transportation, and Carlos Braceras, Deputy Director, responded to questions concerning the FY09 one time General Fund and nonlapsing funds reduction schedule. Sidewalk construction funds are often carried over as the department waits

for local entities to come up with their share of the cost. A reduction of \$1,500,000 is proposed there. Two state construction projects which were funded but not started are Seep Ridge Road at \$2,000,000 and Utah Lake Transportation Study at \$1,750,000, both of which can be cut. A one-time appropriation from the General Fund for the Logan Airport can be cut. This totals \$5,500,000. Another project which could be added to this list is the 35th South - I-215 interchange which is in the early stages and could be stopped.

There was discussion about the widening of I-15 north of 600 North with the need to replace two bridges and discussion of the fact that Duchesne County wants to explore other sources of funding and means of building Seep Ridge Road.

MOTION: Sen. Valentine moved to ask the Department of Transportation to prioritize the funds from which the \$35,000,000 reduction would come to best meet their needs and scheduled projects. The motion passed unanimously.

MOTION: Rep. Kiser moved to request that the directors of each of the departments come prepared in the afternoon with a plan if they were asked to make a 4% reduction. The motion passed unanimously with Sen. Valentine absent for the vote.

MOTION: Rep. Painter moved to recess until the afternoon. The motion passed unanimously with Sen. Valentine and Rep. Hendrickson absent for the vote.

The meeting was recessed at 12:30 p.m.

Rep. Harper called the meeting to order at 2:42 p.m.

Each of the department heads reported back as to how a further 1% reduction would be accomplished. DEQ would cut deeper in the same areas. The National Guard would have to cut one FTE in maintenance personnel and reduce the Fort Douglas Museum operations and maintenance and data processing support in addition to the areas previously mentioned. Veterans' Affairs would have to cut into seasonal employment for cemetery maintenance.

UDOT Director Njord reported back on the morning's request for prioritization of the funds from which to make the \$35,000,000 reduction. Because of projects already started and funds committed their request is that for four years, FY09 to FY12, the reduction come from the Critical Highway Needs Fund. Beginning in FY13 and beyond the funds could come from the Transportation Investment Fund. The department reported that they would need to bond for \$19,000,000 to meet the short fall in the TIF for FY 09.

The chairs expressed appreciation to the departments for their positive response to the requests made of them. Sen. Walker pointed out that Utah is doing better than some states in this time of

economic downturn, and that it's a positive thing that the legislature is making these hard decisions now.

MOTION: Rep. Lockhart moved that the committee approve the following agency reductions:

	3%	1%	Back Fill	Total Reduction
DEQ	(429,200)	(143,100)		(572,300)
National Guard	(168,700)		143,100*	(25,600)
Veterans' Affairs	(26,700)	(8,900)	8,900	(26,700)
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Total Committee Reduction	(624,600)	(152,000)	152,000	(624,600)

*Tuition - 49,000 and 94,100 armory maintenance

The motion passed unanimously.

MOTION: Sen. Valentine moved that the committee approve the following DOT reduction:

FY 2009 \$35 million General Fund Reduction Recommendation

For four years (FY 2009-FY 2012) \$35 million from the \$90 million Critical Highway Needs Fund. The Transportation Commission would prioritize projects within available funding using the project prioritization process previously established by the Transportation Commission.

Beginning in FY 2013 and beyond, \$35 million from the \$55 million Transportation Investment Fund. Starting in FY 2013, the \$55 million Transportation Investment Fund has no programmed expenditures.

The motion includes the following FY2009 One-time General Funds / Nonlapsing Funds Reduction Schedule:

Sidewalk Construction	
From Nonlapsing Balances	(1,500,000)

State Construction	
Seep Ridge Road	(2,000,000)
Utah Lake Transportation Study	(1,750,000)
Aeronautics	
Logan Airport (Frontier)	(250,000)
Total of Reductions	<hr/> (5,500,000)

The motion passed unanimously.

MOTION: Sen. Fife moved to adjourn. The motion passed unanimously with Sen. Valentine absent for the vote.

Rep. Harper adjourned the meeting at 3:16 p.m.

Rep. Wayne Harper, Co-Chair

Sen. Carlene Walker, Co-Chair